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Thirtieth session

SUMMARY RECORD OF THE 5th MEETING

Held at the Vienna International Centre, Vienna,
on Wednesday, 22 June 2005, at 10 a.m.

President: Mr. STELZER (Austria)
Later: Mr. BYLICA (Poland)

CONTENTS

Agenda item		*Paragraphs*
6	Implementation of the medium-term programme framework, 2004-2007 (*continued*)	1 - 14
9	Medium-term programme framework, 2006-2009 (*continued*)	
8	Implementation of the Cooperation Agreement with the United Nations Development Programme	15 - 53
11	Activities of the Joint Inspection Unit	54 - 58
10	UNIDO strategic long-term vision	59 - 96

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The meeting was called to order at 10.35 a.m.

IMPLEMENTATION OF THE MEDIUM-TERM PROGRAMME FRAMEWORK, 2004-2007 (*continued*) (IDB.30/16; IDB.30/CRP.3 and CRP.7)

MEDIUM-TERM PROGRAMME FRAMEWORK, 2006-2009 (*continued*) (IDB.29/6)

1. **Mr. NAQVI** (Pakistan), speaking on behalf of the Asian Group, noted with satisfaction that the medium-term programme framework, 2004-2007, was being implemented successfully for all eight service modules. A coherent and comprehensive research programme had been formulated, which was designed to improve the linkage between global forum activities and technical cooperation. The Group supported the publication *Operationalizing UNIDO's Corporate Strategy: Services and priorities for the medium term 2004-2007*, which took into account Member States' requests and global development priorities. He welcomed the Director-General's efforts to link technical cooperation and global forum activities with the services and priorities of the Organization, and urged him to refine UNIDO's regional approach and strategy in Asian and Pacific countries in order to ensure that the services provided were appropriate to the prevailing conditions.

2. UNIDO must take into account the concerns of developing countries confronted by globalization and technological change. The eight service modules must be fully incorporated into integrated programmes or country service frameworks in order to mobilize adequate financing.

3. Projects under the Global Environment Facility (GEF) and the Montreal Protocol on Substances that Deplete the Ozone Layer and cooperation with the United Nations Development Programme (UNDP) played an important part in the implementation of the medium-term programme framework. He urged the Secretariat to promote the mobilization of funds and increase UNIDO's field representation.

4. Turning to agenda item 9 ("Medium-term programme framework, 2006-2009"), he said that the Asian Group had taken note of document IDB.29/6, distributed at the previous session, containing the Director-General's proposals relating to the medium-term programme framework for the period 2006-2009. The 2006-2009 framework should maintain continuity with the 2004-2007 framework and take into account the strategic long-term vision statement which was currently being finalized.

5. **Mr. OSEI-AMEYAW** (Ghana) said that two activities in phase II of Ghana's integrated programme had begun, relating to the Technology Innovation Centre for Capital Goods and a pilot project on mini-hydropower for rural communities. Ghana aimed to become one of the leading agro-processing economies in Africa by the year 2010, thereby increasing employment and creating wealth in rural areas. He urged UNIDO to help Ghana implement the project for the Agricultural Machinery Industrial System within the identified organizations, in order to reduce supply-side constraints.

6. UNIDO and the Government of India had jointly established a programme of training and capacity-building in efficient manufacturing through better machine tools technology, practice and energy efficiency. Ghana was grateful for the training opportunity, but it would be more useful if it was accompanied by the creation of engineering infrastructure in the recipient country, in order to ensure the continuity of the capacity-building process.

7. He called upon all Member States to pay their assessed contributions regularly and promptly, so that UNIDO could implement its programmes and donors would be encouraged to contribute, particularly to the implementation of the integrated programmes and of new initiatives within the medium-term programme framework. That would help to promote public awareness of industry as a driving force for sustainable poverty alleviation and economic development. Ghana had honoured its obligations to UNIDO despite its own financial constraints.

8. His country's President had placed great emphasis on development of the private sector. The agro-processing projects known as the President's Special Initiatives complemented the integrated programme. Ghana welcomed the development by UNIDO of a comprehensive conceptual framework for the formulation of entrepreneurship policies to promote an enterprise culture and a stakeholder environment. Policy guidelines and advice on best practices would help national and local governments to boost the entrepreneurial spirit and investment with the aim of reducing poverty.

9. He appreciated UNIDO's participation in the Extraordinary Summit of the African Union on Employment and Poverty Alleviation, held in Burkina Faso in 2004. Any follow-up action should concentrate on employment creation, particularly in agro-processing.

10. West Africa aimed to establish a free trade zone with the European Union by 2008. He hoped that UNIDO would help to prepare the countries of the subregion for the challenges they would face. He noted the increased share of UNIDO assistance now devoted to Africa, and hoped it would be translated into employment creation, poverty alleviation, technology transfer and sustainable production.

11. **Mr. MOHANTY** (Principal Adviser to the Director-General) thanked all representatives for their comments. UNIDO's corporate strategy and medium-term programme framework were closely aligned with the programme and budget, the service modules and technical cooperation programmes. They took into account the concerns expressed by Member States in relation to poverty alleviation, the Millennium Development Goals, Africa and the least developed countries. The service modules would be continually adapted in order to meet Member States' needs more effectively. Technical cooperation was provided in a number of ways—integrated programmes, country service frameworks and individual projects tailored to the needs of the country concerned.

12. A representative had asked about the relationship between the long-term vision strategy and the medium-term programme framework. The vision strategy would be aligned with the medium-term programme framework for 2006-2009 and reflected in the budget for 2006-2007.

13. There had also been comments on UNIDO's cooperation with the United Nations and other organizations. UNIDO had concluded useful cooperation agreements with UNDP, the United Nations Conference on Trade and Development (UNCTAD) and the World Trade Organization (WTO) and would continue to strengthen them. In the environmental arena, UNIDO was fully involved in Montreal Protocol and GEF activities.

14. The Secretariat would take account of the comments of Member States regarding the share of technical assistance allocated to Africa and the least developed countries, as well as the importance of poverty alleviation and employment creation, in the design of future programmes.

IMPLEMENTATION OF THE COOPERATION AGREEMENT WITH THE UNITED NATIONS DEVELOPMENT PROGRAMME (IDB.30/17; IDB.30/CRP.6)

15. **Ms. HIROSE** (Deputy to the Director-General and Managing Director, Programme Coordination and Field Operations Division) presented a series of slides illustrating the Cooperation Agreement between UNIDO and UNDP. The Cooperation Agreement had two main elements. The first was joint programme and project development in areas of UNIDO competence, including enhanced coordination of country-level programmes and alignment of UNIDO programmes with United Nations mechanisms such as the Poverty Reduction Strategy Papers (PRSPs), Common Country Assessments (CCAs) and the United Nations Development Assistance Framework (UNDAF), in the interests of achievement of the Millennium Development Goals. The second was a new model of field representation for UNIDO, to increase the Organization's field presence and respond to the call for reform throughout the United Nations system.

16. The Cooperation Agreement would initially be implemented for a two-year pilot phase, during which UNIDO would pay the costs of employing the Head of UNIDO Operations and UNDP would pay the operating costs of the Desk. If the assessment at the end of two years was favourable, the initiative would continue: it was expected to become self-financing in due course. Of the 15 UNIDO Desks planned for the pilot phase, 10 were already operational. Three private sector development projects had been prepared and would be launched shortly.

17. The challenge now was to make the new arrangement work efficiently, increasing technical cooperation delivery and mobilizing funds. She would continue to work closely with Member States and keep them fully informed.

18. **Mr. NAQVI** (Pakistan) pointed out that, on the map presented by Ms. Hirose, the UNIDO office in Pakistan was shown in the wrong place. It was actually in the capital, Islamabad.

19. **Mr. SAMODRA SRIWIDJAJA** (Indonesia), speaking on behalf of the Group of 77 and China, noted that, for the pilot phase, the locations for UNIDO Desks had been decided by the Secretariat using a set of indicators drawn up in November 2004 (see document IDB.30/17, para. 4). However, the Group of 77 and China trusted that future locations would be decided in consultation with Member States and in the light of the experience gained. The opening of 14 UNIDO Desks would increase the Organization's field presence by almost 50 per cent.

20. It was encouraging to note that joint programme development related to private sector development was progressing in a constructive spirit, with positive feedback from stakeholders. It was to be hoped that, as practices and procedures were developed, programme formulation and implementation would proceed more rapidly. He asked for more information about the additional agencies that had joined the joint programming initiative (see document IDB.30/17, para. 13).

21. He urged the Secretariat to prepare the relevant programme documents as soon as possible for the UNIDO Desks that were already operational.

22. The training session and operational guideline referred to in paragraphs 16 and 17 of document IDB.30/17 were important steps forward in the implementation of the Cooperation Agreement. He urged the Secretariat to prepare a comprehensive plan for future action.

23. **Mr. FABER** (Luxembourg), speaking on behalf of the European Union (EU) and of Bulgaria, Romania, Croatia, Turkey, Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and Ukraine, said that from the outset the EU had encouraged UNIDO to respond to the call of the 1997 Business Plan for an effective decentralization of activities and expanded and more efficient field representation, and wished to commend the Director-General and the Secretariat for having reached agreement with UNDP to that effect, with the focus on private sector development.

24. The European Union took note of the locations selected for the new and converted UNIDO Desks, as well as of the employment process launched to recruit national officers for them. The EU welcomed the fact that ten UNIDO Desks were operational, and wished to encourage UNIDO to complete the decentralization process in the remaining five countries. The EU applauded the 50 per cent increase in the size of UNIDO's field network. The EU commended UNIDO on the establishment of a UNIDO/UNDP task force on implementing the "Framework for joint UNIDO/UNDP technical cooperation programmes on private sector development" and would continue to follow closely the outcome of further meetings held on that subject.

25. The European Union welcomed the constructive progress of joint programme development and formulation, and noted the positive feedback from all stakeholders. The EU was particularly pleased with the apparent interest shown by other donor agencies, and in that context wished to encourage UNIDO to seek further harmonization with other agencies of the United Nations system in joint programme development in order not to lose momentum. Further such efforts would allow the Organization to increase the visibility of its mandate, experience and comparative advantage to local counterparts, donors and other organizations at field level in order to contribute to the achievement of the Millennium Development Goals. In that connection, the EU expressed its appreciation for the continuing training of UNIDO staff.

26. The European Union looked forward to the outcome of the joint evaluation of the pilot phase of the Cooperation Agreement, and would closely observe the impact it would have on private sector development and UNIDO's field presence. The EU noted the efforts that had been undertaken to clarify the operational functions and required interaction between UNDP Resident Representatives, Regional Bureaux, Heads of UNIDO Operations and staff through an operational guideline. The EU looked forward to receiving regular information on the implementation of the Cooperation Agreement, which set a good example for increased field-level coordination of development agencies within the United Nations system.

27. **Mr. OMOTADE** (Nigeria), speaking on behalf of the African Group, said that the activities currently under way in implementation of the Cooperation Agreement were a significant contribution to reform within the United Nations system and to increasing the relevance, delivery capacity, effectiveness and efficiency of UNIDO's programmes. The Group welcomed the positive feedback from all stakeholders, especially the agencies of the United Nations system, and expressed its satisfaction that three programmes had been fully formulated already, while others were in advanced stages of development.

28. The African Group was pleased to note that the Cooperation Agreement had attracted donors, and urged UNIDO to spare no effort in translating the growing interest into greater mobilization of funds for the Organization. The Group attached great importance to the steps taken to train the first group of Heads of UNIDO Operations, and stressed the need to continue that process. The Group trusted that the operational guideline being prepared would include clear guidance on the interaction of Heads of UNIDO Operations with the staff of the Organization in the field and at Headquarters. The Group was pleased to note the number of UNIDO Desks that would be operational by the end of the current session of the Board, and looked forward to maintaining the consultation process with the Secretariat concerning future UNIDO field representation. The Group also looked forward to the continuing work of the UNIDO/UNDP task force on implementing the framework for joint programmes on private sector development.

29. **Ms. CARRASCO MONJE** (Bolivia), speaking on behalf of the Latin American and Caribbean Group (GRULAC), said that the Group welcomed the information provided in document IDB.30/17, and noted with satisfaction that the schedule set out in document IDB.29/CRP.4 was being implemented, although it was concerned that the drafting of programme documents had not been completed for all the new UNIDO offices. GRULAC reiterated its support for the decentralization process that was now under way, and its view that, in addition to a strengthening of UNIDO's presence in the field, more effective performance also required a greater capacity to respond and to take action on the part of regional offices and especially on the part of the relevant Regional Bureau at Headquarters.

30. **Mr. NAQVI** (Pakistan) said his delegation accorded the utmost importance to the decentralization process, and appreciated that the implementation of the Cooperation Agreement with UNDP was moving ahead at a good pace. He welcomed the fact that, when the UNIDO Desk pilot phase was completed, UNIDO's field presence would be 50 per cent greater than it had been before the Agreement. Noting the positive feedback on the part of all stakeholders, Pakistan urged

the Secretariat to do what it could to translate that interest into greater and dependable funding for the activities of the Organization. Pakistan hoped that the proposals which the Group of 77 and China had submitted to the Secretariat regarding the criteria for opening new Desks and converting existing country offices into UNIDO Desks would be taken into account in the Secretariat's future consideration of locations. Pakistan wished to draw attention to the importance of close consultation with a Member State regarding the location of a UNIDO Desk. While in the case of opening new UNIDO Desks the support of the host country might be forthcoming, there could be understandable sensitivities in the case of conversion of an existing Country Office into a UNIDO Desk. In those cases, negotiations and consultations assumed the utmost importance in gaining the confidence of the host country, and it would not be realistic to expect a UNIDO Desk to yield positive results if a host country was not willing to extend its support. The Secretariat should be mindful of that important factor. Noting that the Cooperation Agreement envisaged an assessment of the UNIDO Desks established during the pilot phase, Pakistan considered that the time and pace of that assessment process would be of the utmost importance. Any delays would have a negative effect on the success of the pilot phase and thus of the Cooperation Agreement itself.

31. The 2 per cent reduction in Major Programmes C, D, E and F relating to technical cooperation delivery in the programme and budgets for 2006-2007 assumed even greater proportions when it was seen in the perspective of a 50 per cent increase in field representation, the costs of which would have to be borne by the Organization at the completion of the pilot phase in 2007. The matter needed to be looked into, particularly in the light of the results of the pilot phase. In Pakistan's view, the decentralization drive and the Cooperation Agreement would determine UNIDO's future. All stakeholders were fully aware of the critical phase in which the Organization found itself. The Member States and the Organization could hardly afford to squander the consolidation and achievement of the past eight years.

32. **Mr. MORIMOTO** (Japan) welcomed the progress in establishing UNIDO Desks and the fact that UNIDO's overall field presence would ultimately be extended to 80 countries. That extended field presence would ensure that UNIDO's mandate, experience and comparative advantage was well presented to the Organization's local counterparts, donors and other United Nations organizations present at field level. He drew the Board's attention to the recently established Tokyo International Conference on African Development (TICAD) exchange, which was a concrete example of tripartite cooperation between UNIDO, UNDP and the national Government and could enhance business relations between Asia and Africa.

33. *Mr. Bylica (Poland), Vice-President, took the Chair.*

34. **Ms. POLO FLOREZ** (Colombia), reiterating her country's support for the Cooperation Agreement, said it would ensure that UNIDO had a more active role to play in the development arena. However, she would like to see more effective decentralization and strengthened interaction between Headquarters and field offices. She would be grateful if the Secretariat would draw up criteria to reinforce the regional offices and create a regional network.

35. **Ms. HE Wangyang** (China) expressed the hope that the Secretariat would give adequate consideration to the pragmatic suggestions made by the Indonesian delegation, on behalf of the Group of 77 and China, on selection criteria for UNIDO Desks. Other aspects of the decentralization process were the establishment of regional centres for technical cooperation and the promotion of the private sector. China hoped that the Director-General would provide a detailed progress report on the decentralization process as a whole at the eleventh session of the General Conference.

36. **Mr. SVENDSEN** (Norway) said that the development of joint UNIDO/UNDP programmes would foster increased efficiency, more effective technical cooperation delivery and benefits for partner countries. Norway noted with satisfaction the progress made in setting up UNIDO Desks, and looked forward to following that process further. Norway was also pleased with the efforts made to implement the "Framework for joint UNIDO/UNDP technical cooperation programmes on private sector development" and, noting the apparently positive feedback from stakeholders, hoped that the process would bring the results desired. The Cooperation Agreement demonstrated UNIDO's readiness to heed the call by the Secretary-General of the United Nations for system reform. His delegation attached great importance to such reform, and wished to give UNIDO credit for the work done so far. Norway looked forward to being kept informed of further progress and on how the cooperation functioned in practical terms and what the results were for partner countries.

37. **Mr. EL MEKWAD** (Egypt) emphasized the importance for the Cooperation Agreement of providing the necessary capacities and financial resources for managing and operating the UNIDO Desks. Continuing training was also necessary for Heads of UNIDO Operations. The operational guideline should clarify the structural and complementary relationship between UNDP Resident Representatives, the Regional Bureaux, the Heads of UNIDO Operations and staff in the technical branches, so that the functioning of the UNIDO Desks would not be adversely affected by bureaucratic difficulties. Egypt hoped to assist in that

operation through the regional office in Cairo, which should study and analyse questions concerning industrial development with a regional dimension, operate as a host centre for training and technical consultancy in the service of Arab and African countries, and assist in the establishment of a regional industrial database to further industrial development in Arab and African countries. Egypt was ready to share the experience it had gained in cooperation with other developing countries.

38. **Mr. V. G. GARCIA III** (Philippines) said his country believed that the UNIDO decentralization process would meet the desired financial objective in terms of reduced operational costs while at the same time sustaining effective field programme delivery in the long term. He emphasized the importance of the appointment of a new UNIDO field representative in Manila in order further to accelerate the implementation of the country service framework for the Philippines. Other agencies of the United Nations system were intensifying their technical assistance involvement in the Philippines, but the delay in appointing the replacement for the UNIDO field representative, who had retired in December 2004, meant that implementation of the country service framework had not yet got under way. The Philippine delegation would therefore request UNIDO to appoint a successor at the earliest possible time. With regard to the proposed conversion of the UNIDO field office in Manila into a UNIDO Desk, the Philippines would welcome further consultations once the first phase of the decentralization process had been thoroughly assessed. The Philippines looked forward to receiving a report from the Secretariat on the implementation of the decentralization process.

39. **Mr. CHIKANDA** (Zimbabwe) said that, during the process of identifying locations for UNIDO Desks for the pilot phase of the Cooperation Agreement between UNIDO and UNDP, the Secretariat had applied the criteria defined and indicators developed in November 2004, which Member States were still considering. That had led to a number of inconsistencies and the unilateral creation of Desks by the Secretariat without consulting some Member States, including Zimbabwe. He asked the Secretariat to ensure that the future selection of UNIDO Desks was guided by agreed criteria as recommended by the African Group and the Group of 77 and China, and based on experience gained in the field. He understood that it was agreed that the creation of a UNIDO Desk or the conversion of a UNIDO country office into a UNIDO Desk would take place in consultation with the country concerned. He urged the Secretariat to draw up comprehensive future plans, including an assessment of the performance and successes of the Desks during the pilot phase, with a view to making an informed decision as to whether to continue with the creation of further UNIDO Desks.

40. His delegation continued to support decentralization as a means of enhancing UNIDO representation worldwide. If successful, decentralization would change the face of the Organization.

41. **Mr. BEST** (Switzerland) said that Switzerland supported the Organization's efforts to improve coordination with UNDP at the field level. His delegation recognized, on the basis of Swiss experience in project implementation, that coordination was a key challenge both at the planning and implementation stages of projects.

42. It was vital to harmonize the activities of the various organizations of the United Nations system and those of partner countries in an optimal manner, thus facilitating synergy between programmes implemented by organizations at the field level and ensuring the more efficient use of available resources, which in turn would contribute further to the development of recipient countries.

43. His delegation would like to be kept informed of the initial results of implementation of the Cooperation Agreement with UNDP at the field level and its impact on cooperation within the United Nations Country Teams.

44. In order to derive maximum benefit from decentralization efforts and with a view to optimizing synergies with bilateral cooperation programmes, the Swiss delegation would like to be kept informed of UNIDO's priorities regarding the establishment of UNIDO Desks.

45. The harmonization of United Nations system activities at the strategic level was essential if the development goals established by the international community were to be achieved.

46. *Mr. Stelzer (Austria), President, resumed the Chair.*

47. **Ms. DEHAIS** (France) welcomed the implementation of the Cooperation Agreement with UNDP, particularly the launch of the pilot phase. The Agreement would significantly enhance UNIDO's field coverage.

48. The decentralization process offered fresh perspectives for UNIDO, facilitating intervention in areas of comparative advantage. France favoured closer ties between UNIDO and UNDP, together with any further steps that would ensure improved coordination of activities and thus greater effectiveness at the country level. Such measures would improve synergies between organizations active in the same area or in related areas and thus render development activities more efficient. France looked forward to information on the pilot phase

of implementation of the Cooperation Agreement and would appreciate further information on the effect that the Agreement was expected to have on regional arrangements.

49. **Ms. HIROSE** (Deputy to the Director-General and Managing Director, Programme Coordination and Field Operations Division) said that the Organization would take advantage of the experience it had gained in the implementation of the Cooperation Agreement in pursuing further cooperation with other agencies. In answer to questions that had been raised, she wished to explain that the joint programmes for individual countries were in the process of being developed in collaboration with staff of the Programme Development and Technical Cooperation Division and with the UNIDO Desks. It was hoped that a report could soon be made available on progress in programme development in the various countries. With regard to the working relationship with UNDP and the UNIDO Desks, operational guidelines were being developed to help ensure smooth cooperation. It would be vital to ensure a good working relationship in each country, maintaining UNIDO's identity while cooperating fully with UNDP.

50. Assessment criteria for the performance of UNIDO Desks following the pilot phase would be developed in close cooperation with Member States. The assessment was expected to guide Member States in making decisions regarding the future of UNIDO Desks.

51. Regarding the technical cooperation delivery estimate for the 2006-2007 biennium mentioned by the representative of Pakistan, it was true that the estimate was rather conservative; it was to be hoped that a higher rate of technical cooperation delivery would be possible.

52. The suggestions made by the representative of Egypt regarding regional office activities would be considered by relevant regional bureau.

53. Close consultations would continue with Member States on the implementation of the Cooperation Agreement, since their support was crucial to its success. The Secretariat would report to the next session of the General Conference on the situation regarding the implementation of the Agreement.

ACTIVITIES OF THE JOINT INSPECTION UNIT (IDB.30/14)

54. **Mr. SAMODRA SRIWIDJAJA** (Indonesia), speaking on behalf of the Group of 77 and China on item 11 of the agenda ("Activities of the Joint Inspection Unit"), welcomed the fact that most of the recommendations contained in the reports of relevance to UNIDO issued by the Joint Inspection Unit (JIU) since the twenty-eighth session of the Board in 2004 were either already in practice at UNIDO or being addressed by the Secretariat. The Group noted with satisfaction the Secretariat's statement, in connection with the report of JIU reviewing headquarters agreements, that the majority of recommendations contained in the report were supported by the provisions in UNIDO's headquarters agreement and had long been practised (IDB.30/14, para. 6). The Group was sympathetic towards the introduction in Vienna of the remaining recommendations and good practices from other United Nations system duty stations, and requested their consideration by the host Government.

55. The recommendations contained in the reports on managing for results in the United Nations system were of direct relevance to UNIDO since it was also working towards results-based management.

56. The reports on procurement practices and on harmonization of travel conditions should be of great benefit to UNIDO—particularly the former, in the light of observations made by the External Auditor on the Organization's procurement system. The Group urged the Secretariat to give immediate attention to the matter.

57. The Group of 77 and China looked forward to the information on compliance with the JIU recommendations and the follow-up thereon currently being compiled by JIU.

58. **Mr. AJMAL** (Comptroller General) said that the Secretariat attached due importance to the implementation of the recommendations in the JIU reports wherever feasible and promptly provided information to Member States on reports of direct relevance to UNIDO, as well as drawing the attention of the Secretariat management and staff to the contents of those reports to ensure that best practices were adopted. UNIDO was updating its procurement practices, and would take due account of the recommendations made by JIU and by the External Auditor in that process. In view of the importance of after-service health insurance liabilities for all organizations within the United Nations system and the request by Member States for a system-wide solution to be found to the issue, UNIDO had requested JIU to undertake a review of the matter in order to provide the system with options on how best to finance those liabilities. The Secretariat would keep Member States informed of all developments in that regard.

UNIDO STRATEGIC LONG-TERM VISION (IDB.30/23)

59. **Mr. SAMODRA SRIWIDJAJA** (Indonesia), speaking on behalf of the Group of 77 and China on agenda item 10 ("UNIDO strategic long-term vision"), said that, while the Group appreciated the efforts made by the Secretariat in drafting the long-term vision

statement, it remained of the view that further amendments should be considered. Aspects that should also be covered were: dividing the focus area "poverty alleviation through productive activities in the non-farm sector" into the three specific areas of agro-industries, technology diffusion and transfer and the development of small and medium enterprises (SMEs); the implementation of UNIDO services in line with national priorities and the definition, where required, of new focus areas that took into account any changes taking place; various mechanisms for the enhancement of South-South cooperation, including the establishment of a special unit on South-South cooperation, identification of focal points, establishment of a special fund, etc.; formulation of achievable targets and ways to assess the Organization's performance against achievement of those targets; the shape of the field structure after completion of the pilot phase of the Cooperation Agreement with UNDP; identification of new and reliable sources of funding; expansion of membership, recovery of arrears and mechanisms to avoid such situations in the future, etc.; administrative and management efficiency—for example, optimal utilization of human and financial resources and enhancement of staff capacities.

60. The Group suggested that the vision statement as drafted be submitted to the General Conference as a first draft with a note to the effect that the strategic long-term vision statement was still under preparation in cooperation with Member States.

61. **Mr. FABER** (Luxembourg), speaking on item 10 on behalf of the European Union and of Bulgaria, Romania, Croatia, Turkey, Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro, Norway and Ukraine, welcomed the alignment of the long-term vision statement with the existing Business Plan and Strategic Guidelines and said that the statement would help to focus UNIDO's activities on the commitments set out in the United Nations Millennium Declaration, including the Millennium Development Goals and the outcomes and commitments of major United Nations conferences and summits in economic, social and related fields.

62. It was important for UNIDO to focus on those areas in which it had a comparative advantage, and the EU welcomed the emphasis that had been placed on trade capacity-building, poverty reduction through productive activities and energy and environment.

63. It also welcomed the priority assigned to strategic partnerships with other organizations at the field level. However, the Agreement signed with UNDP in September 2004 should have been highlighted more, since effective completion of the decentralization process was of great importance for UNIDO's future.

64. In addition, greater emphasis should have been placed on the alignment of UNIDO's activities and programmes with national efforts to reduce poverty.

65. Securing adequate financial resources for UNIDO was extremely important, and the EU welcomed efforts to find new and innovative ways of financing the Organization's activities, particularly the involvement of the private sector in its activities.

66. The EU looked forward to the Board's recommendation of the long-term vision statement to the next General Conference session for adoption.

67. **Mr. NAQVI** (Pakistan), speaking on behalf of the Asian Group on agenda item 11, said that the Group welcomed the fact that most of the recommendations contained in the reports of relevance to UNIDO issued by JIU since the twenty-eighth session of the Board in 2004 were either already put into practice at UNIDO or being addressed by the Secretariat.

68. The Group noted with satisfaction that most of the JIU recommendations on headquarters agreements were already in effect. It asked the host Government to consider the other recommendations and good practices from other United Nations system duty stations.

69. The recommendations contained in the reports on managing for results in the United Nations system were of direct relevance to UNIDO, which was aiming at results-based management.

70. The reports on procurement practices and on harmonization of travel conditions should be of great benefit to UNIDO, particularly the former. The Group urged the Secretariat to give immediate attention to the matter.

71. Turning to agenda item 10, he said that document IDB.30/23 clearly described UNIDO's mandate, dual functions and services, which had evolved as a result of several reforms and organizational transformations. The Asian Group commended the Secretariat for its efforts in drafting a comprehensive long-term vision document.

72. However, the document as it stood focused rather on an account of past and current situations and placed little emphasis on the Organization's future vision, tending to assume that prevailing forces and trends would continue over the next several years. The long-term vision statement should take into consideration the rapid changes likely to take place worldwide in the next ten to fifteen years. Those changes would influence the nature and scope of the industrial needs of developing countries, thus affecting UNIDO's role. The Group therefore proposed that the document should analyse the future directions of current forces with a view to identifying where UNIDO should intervene and where it

could gradually reduce or diversify its interventions. Targets should be set as indicators for guiding and evaluating the Organization's performance and future plans, in particular with regard to technical cooperation delivery, field representation and fund mobilization. Additional sources of funding should be identified and planned for.

73. While the Secretariat's efforts were appreciated, more time and consideration should be given to the finalization of the vision statement in consultations with regional groups and Member States.

74. **Mr. OMOTADE** (Nigeria), speaking on behalf of the African Group on agenda item 10, commended the preparation of the long-term vision statement (IDB.30/23). The Group had noted with satisfaction that the current version reflected the views of most regional groups and other stakeholders regarding attainment of the Millennium Development Goals. UNIDO should continue to strengthen the coordination of technical cooperation in order to support the developing and least developed countries in overcoming problems related to market access through improving the quality of production, modernizing production technologies and ensuring standardization. The Group welcomed the commitment to give particular attention to Africa in view of the specificity of its industrial development, but urged that the continent be regarded as a whole and not two separate subregions. As financing was fundamental to a meaningful development strategy, UNIDO should further explore means of funding its programmes, potentially through multilateral and bilateral agreements with other international organizations, donor countries and the private sector. It should formulate attractive proposals for industrial development in its niche areas.

75. **Ms. CARRASCO MONJE** (Bolivia), speaking on behalf of the Latin American and Caribbean Group, said that the development of a long-term vision should help UNIDO to consolidate its work as a global forum and an executing agency for sustainable industrial development programmes, while strengthening its contribution towards attaining the Millennium Development Goals. The consultative process had permitted useful interaction with the Secretariat and among the Member States.

76. In respect of priority areas, she stressed the need in Latin America and the Caribbean for special attention to be paid to the agro-industrial, textile and fisheries sectors. GRULAC agreed that a horizontal approach should be taken in areas such as the private sector and human safety, but urged clearer strategies for the development and dissemination of new technologies. She reiterated the need for a multiregional perspective; the long-term vision should recognize the need to establish programmatic guidelines for each of the developing regions. The process of decentralization required a stronger UNIDO presence in the field. The long-term vision should also envisage specific steps to develop South-South cooperation, which would bring benefits to all countries, complement North-South cooperation and facilitate the mobilization of funds through triangular cooperation mechanisms.

77. **Ms. POLO FLOREZ** (Colombia) said that the strategic long-term vision would help UNIDO to define its future work. Her country had actively participated in the consultations; the exercise would enable Member States more clearly to define their interest in and commitment to the Organization.

78. Colombia welcomed the recognition of the need to find ways of promoting South-South cooperation; that would enable UNIDO to make better use of its relative strengths and advantages in the field and foster the exchange of experience and technical cooperation. The Secretariat should also formulate regional strategies in order to increase effectiveness in the financing and implementation of programmes.

79. **Ms. HE Wangyang** (China), welcoming the long-term vision statement, said that clearly defined strategies and reform objectives would improve UNIDO's cost-effectiveness and efficiency. The statement should give more emphasis to South-South cooperation and the mobilization of financial resources, and explore the possibility for the creation of a special fund for South-South cooperation. UNIDO's efforts to promote such cooperation had not yielded any noteworthy results, mainly because of a lack of overall strategic planning and of financial resources. The Organization should explore ways and means to solve those problems.

80. She welcomed the decision of the recent South Summit of the Group of 77 at Doha to establish the South Fund for Development and Humanitarian Assistance. Many countries had made pledges to that Fund. South-South cooperation would help developing countries to participate fairly and effectively in the new global economic order and should complement North-South cooperation. China would continue to expand its economic and technological exchanges and mutually complementary cooperation with other developing countries. China had already implemented many cooperative projects, given products from the least developed countries zero-tariff access to the Chinese market and signed debt-relief protocols with many countries, and would continue to support such cooperation. It was to be hoped that UNIDO would advance cooperation in such fields as science and technology, information and communication, energy resources and environment through cooperative frameworks such as the New Economic Partnership for African Development and the New Asian-African Strategic Partnership.

81. **Mr. BEST** (Switzerland) said that the strategic long-term vision statement presented a good analysis of UNIDO's potential niche in international development work and the future challenges the Organization would face. His country supported the three focus areas, on which it had systematically reinforced its cooperation in recent years.

82. More than half the technical assistance budget went to activities to implement the Montreal Protocol on Substances that Deplete the Ozone Layer. Such work needed to be balanced by activities in other domains, and UNIDO was well placed to promote the achievement of the Millennium Development Goals in the area of sustainable industrial development. The Organization should also strengthen its knowledge management and global forum activities, and analyse and share the lessons learnt from its technical assistance projects. Network-based sharing of information could reduce the costs due to conferences. UNIDO should take advantage of its knowledge-management work to help developing countries and countries with economies in transition to develop legislation that promoted entrepreneurship.

83. He welcomed the cooperation between UNIDO and UNDP and other organizations in the United Nations system, and attached importance to the process of system reform and General Assembly resolution 59/250 on the triennial comprehensive policy review of the operational activities of the United Nations system. In the section of the long-term vision statement (IDB.30/23, annex) on UNIDO and the multilateral system, he proposed insertion of a reference to the United Nations Global Compact and UNIDO's role as a core agency.

84. Management of projects needed to be simplified and improved through the application of optimal, economic methods. The Organization's internal processes must be as efficient as possible.

85. **Mr. MORIMOTO** (Japan) expressed appreciation of the strategic long-term vision as a road map for UNIDO's future activities. The vision statement should be developed so as to promote further reforms in UNIDO and in conformity with the Business Plan and the Strategic Guidelines. It should also reflect the human security and community-based perspective as a major concept guiding the activities of UNIDO, which should focus on its relative strengths and advantages. Japan looked forward to continued discussion of the proposed vision as a basis for continued reform of the Organization and further industrial development in countries where it had a field presence.

86. **Mr. DERY** (Philippines) commended the preparation of the strategic long-term vision statement, but noted that many elements that had been suggested by various delegations and regional groups were not reflected in it. The statement should consider developments in areas or sectors where improvements were expected that would render UNIDO's continued involvement unnecessary. UNIDO should develop target dates for having a balanced portfolio of activities linked with multilateral environmental agreements as compared with activities concerned with trade capacity-building, sustainable industrial energy and poverty alleviation through productive non-agricultural activities. He urged further consultations with Member States in order to produce a more forward-looking document setting out the framework for the next 10 years.

87. **Mr. DA CUNHA OLIVEIRA** (Brazil) welcomed the consultative process that had shaped the strategic long-term vision statement. He supported the view that attention should be given to the regional dimension in UNIDO's formulation of projects and programmatic guidelines.

88. Industrial development in Latin America and the Caribbean had historically been characterized by a pattern of concentration that had created disparities: some regions or sectors had prospered while others had been marginalized. However, integration could provide a way out of the situation. Integration was bringing to light the fact that problems could best be tackled on a collective basis, through coordinated international cooperation. UNIDO had the expertise and capacity to help the countries of the region solve their problems on a truly regional basis. That was South-South cooperation at its best, and something to which attention should be paid in the vision statement.

89. He underlined UNIDO's potential role in the field of emerging technologies, some of which could have an impact on the environment and the human and social development of millions of people in the developing world, and welcomed the Organization's recent creation of an organizational unit on the subject. Application of such technologies promised to be a driving force behind industrial development and UNIDO should not ignore that development. The importance of emerging technologies should be reflected in the vision statement.

90. **Mr. DAVIES** (South Africa) said he would like to comment on the application of the strategic long-term vision to southern Africa. As a relatively new Member, his country was keen to work with UNIDO and with the Southern African Development Community to deepen and enhance UNIDO's programmes and activities in the subregion in the light of its specific needs. There was great potential for expanding UNIDO's presence in southern Africa, and he hoped that the regional office in South Africa would soon be operational, thereby strengthening UNIDO's ties with the subregion.

91. **Mr. LEE Jae-Wan** (Republic of Korea) said that a well-elaborated long-term vision paper would contribute to proactive and consistent programme implementation, enhancing UNIDO's relevance, effectiveness and efficiency. In the unpredictable and changing international economic situation, however, the vision should be flexible and non-binding; the Organization should predict and analyse trends and directions, exploring possible interventions within its mandate and financial constraints. The statement should also include reference to the question of the return of former major donor countries to UNIDO. Their renewed membership would help to ensure the stable mobilization of financial resources that UNIDO needed to fulfil its mandate in a timely manner and to promote its universal character as an independent development organization. In that context, special attention should be paid to the current initiative for the reform of the United Nations system. New issues that would emerge from the September high-level meeting of the United Nations General Assembly should also be adequately dealt with in the vision statement.

92. **Ms. TCHEKNAVORIAN-ASENBAUER** (Association of Former United Nations Industry and Development Experts) said that the strategic proposals for the future of the Organization should take into account UNIDO's experience and achievements and the lessons learned. The problems facing UNIDO and other institutions were linked to global political and economic changes.

93. Until 1992, most of the Organization's technical cooperation activities and programmes had been funded by UNDP, and by that year UNIDO had become the second-ranking implementing agency in the United Nations system. One third of UNIDO staff members had been financed from overhead funds from UNDP. UNDP's shift in 1992 towards a social development approach had drastically cut funding, and funds had not been available for the continuation of all the programmes. However, modern technologies reduced staff requirements and the number of staff was not necessarily indicative of an organization's effectiveness; the main criterion should be the quality of response to the needs of developing countries. In the dramatically changed circumstances and with the support of Member States and the efforts of dedicated staff, UNIDO had managed to secure alternative sources of finance.

94. Sustained economic growth required quality of production, which depended substantially on overall capacity-building in the manufacturing sector. Developing countries, particularly in Africa, had limited access to markets in industrialized countries, which subsidized their own producers and imposed non-tariff barriers. In that regard, the Africa Productive Capacity Initiative, endorsed by the Conference of African Ministers of Industry in the year 2003, should be a major input for the UNIDO long-term strategy.

95. The growing attention paid by the international community to Africa was encouraging. The long-term vision statement should focus particularly on the least developed countries and on Africa, and give top priority to supporting the African Union and the New Partnership for Africa's Development (NEPAD) in their efforts to attain the Millennium Development Goals. Her Association was working with NEPAD to elaborate a strategy for small and medium enterprises. More consultations at all levels and detailed studies would be necessary in order to finalize the vision statement. Moreover, adequate funding and an appropriate level of specialist staffing would be needed to make the vision a reality. Her Association was keen to continue its cooperation with UNIDO to achieve development goals.

96. **Mr. MOHANTY** (Principal Adviser to the Director-General) welcomed the constructive and positive comments made, which would be taken into account in refining the vision statement. The document aimed to consider what UNIDO's focus and approach should be in the light of the expected evolution of the international economy over the next 10-15 years and the limitations of the Organization's resources. The moot question was how much detail a vision statement should contain. For example, it had been suggested that the document should indicate mechanisms for South-South cooperation: the document stated that UNIDO should promote South-South cooperation, but to specify mechanisms was perhaps more the function of a plan or budget. Informal discussions held seemed to indicate that further consultations should take place before the General Conference session to improve the vision statement.

The meeting rose at 1.05 p.m.